

Los Angeles County  
Board of Supervisors

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality,  
patient-centered, cost-effective  
health care to Los Angeles  
residents through direct services  
at DHS facilities and through  
collaboration with community and  
university partners.*



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January 25, 2011

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslowsky  
Supervisor Don Knabe

FROM: Mitchell H. Katz, M.D.  
Director



SUBJECT: **ADVANCED NOTIFICATION OF SOLE SOURCE  
AGREEMENT NEGOTIATIONS WITH PUBLIC  
HEALTH FOUNDATION ENTERPRISES**

This is to advise your Board that in two weeks time, the Department of Health Services (DHS) intends to enter into sole source agreement negotiations with Public Health Foundation Enterprises (PHFE) for the provision of project management services to support expansion of DHS' Encounter Summary Sheet (ESS) to all Public-Private-Partnership (PPP) Strategic Partners. Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for agreements over \$250,000.

PHFE offers project management services for information technology projects and has been providing project management services for the initial phase of the ESS project's implementation; including coordinating the installation of i2i software at provider locations, hiring and managing contract software programmers to create data communication procedures and mechanisms and coordinating tasks between DHS, providers and other software experts.

On January 27, 2009, your Board approved the joint recommendations from the Chief Executive Office (CEO) and DHS that were developed by the PPP Allocation Working Group, which recommended approval of the \$44.8 million for the Clinic Capacity Expansion Program, and which included a recommendation of \$1.5 million for the ESS project. This sole source negotiation is the implementation of that ESS recommendation.

To date, the ESS project has expended the \$1.3 million previously provided by PacifiCare/UnitedHealthcare and has begun interface testing with 16 providers to DHS' data repository. There are 14 providers still to be installed and linked.

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Negotiating this agreement will enable DHS to continue to utilize PHFE's project manager, software contractors and technical personnel to complete the project without the interruption of changing key personnel mid-project. There would be a significant time delay and cost associated with changing project managers at the current stage when the initial outside funding is exhausted. It is in the best interest of the County to enter into these sole source negotiations in order to maximize the utilization of funds and expertise already assembled and keeping the installation and testing activity going without interruption.

DHS will proceed with the sole source negotiations with PHFE within two weeks from the date of this memo unless the Department is instructed otherwise by your Board.

If you have any questions, please let me know.

MHK:cvc

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors